

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 FEA-01 AGR-10 CEA-01 CIAE-00

COME-00 DODE-00 FRB-01 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-02 AID-05 CIEP-02 SS-15 STR-04

TAR-01 TRSE-00 USIA-15 PRS-01 SP-02 OMB-01 IO-10 /114 W

----- 104010

R 111906Z APR 75

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 8343

UNCLAS CARACAS 3883

E.O. 11652: N/A

TAGS: EFIN VE

SUBJ: ICE CRITIQUE OF US TRADE ACT

SUMMARY: THE INSTITUTE OF FOREIGN TRADE (ICE) IN ITS OFFICIAL PUBLICATION "NOTAS DEL ICE" HAS SET FORTH ITS POSITION REGARDING THE UNITED STATES TRADE ACT OF 1974 WITH PARTICULAR REFERENCE TO THE GENERALIZED SYSTEM OF PREFERENCE AND THE EXCULSION OF VENEZUELA. THE ARTICLE EMPHASIZES THAT GSP IS THE RESULT OF AN UNCTAD RESOLUTION RECOMMENDING THAT THE INDUSTRIALIZED NATIONS ACCEPT EXPORTS FROM THE DEVELOPING NATIONS ON A NON-RECIPROCAL BASIS. IN CONCLUSION THE ARTICLE STATES THAT IF VENEZUELA IS EXCLUDED FROM THE GSP, THE EXCHANGE OF NOTES OF JUNE 26, 1972, BETWEEN THE UNITED STATES AND VENEZUELA, REQUIRES A SIX MONTHS' NOTICE OF DENUNCIATION AND THAT SUCH ACTION WOULD HAVE IMPLICATIONS ON THE TRADITIONALLY GOOD RELATIONS BETWEEN THE TWO COUNTRIES. THERE FOLLOWS AN UNOFFICIAL TRANSLATION OF THE ICE ARTICLE.

2. UNITED STATES GENERALIZED SYSTEM OF PREFERENCES

THE ESTABLISHMENT OF A PLAN GENERALIZED PREFERENCES INCLUDED IN THE TRADE BILL RECENTLY APPROVED IN THE UNITED STATES IS BASED ON RECOMMENDATIONS OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD). THE IDEA OF ESTABLISHING

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A GENERAL SYSTEM OF PREFERENCES IN FAVOR OF EXPORTS FROM DE-

VELOPING COUNTRIES, WITHOUT ANY RECIPROCITY OBLIGATION, STARTED IN 1964 AND WAS IMPROVED DURING SUBSEQUENT INTERNATIONAL CONFERENCES. IN 1971, THE CONTRACTING PARTIES OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT) AGREED TO EXCEPT INDUSTRIALIZED COUNTRIES FOR TEN YEARS FROM THE OBLIGATION OF APPLYING THE MOST-FAVORED-NATION PRINCIPLE, THEREBY PERMITTING THE GRANTING OF PREFERENTIAL TARIFFS ONLY TO DEVELOPING COUNTRIES.

3. THE PRINCIPLES INCLUDED IN THESE DECISIONS, MAINLY THE UNIVERSALITY AND NON- RECIPROCITY, ARE THE ESSENCE OF WHAT MUST BE THE NEW ECONOMIC INTERNATIONAL ORDER.

4. THE SYSTEM OF PREFERENCES TRIES TO PERMIT THE ACCESS TO ALL MANUFACTURED AND SEMI- MANUFACTURED PRODUCTS (INCLUDING PRIMARY MANUFACTURED OR SEMI- MANUFACTURED PRODUCTS) FROM DEVELOPING COUNTRIES' MARKETS, WITHOUT RESTRICTIONS AND WITH CUSTOM FRANCHISES, EVEN THOUGH THERE EXIST SOME MECHANISMS OF PROTECTION.

5. THE UNITED STATES IS THE LAST OF THE INDUSTRIALIZED COUNTRIES THAT PUT IN FORM THIS TYPE OF PLAN, AFTER THE EUROPEAN ECONOMIC COMMUNITY, JAPAN, NORWAY, UNITED KINGDOM, DENMARK, FINLAND, IRELAND, AUSTRALIA, NEW ZEALAND, SWEDEN, SWITZERLAND, CANADA, AND SOME COUNTRIES OF THE SOCIALIST AREA. THE SYSTEM PLACED IN FORCE BY THE UNITED STATES ESTABLISHES RESTRICTIONS AND LIMITATIONS WHICH MAKE IT RATHER INFERIOR TO THE ORIGINAL IDEA STATED AT UNCTAD AND WHICH COULD ABOLISH THE ADVANTAGES THAT DEVELOPING COUNTRIES COULD DERIVE FROM THE APPLICATION OF THE SYSTEM OF PREFERENCES. IN FACT, THE WORST LIMITATIONS WHICH THE SYSTEM OF PREFERENCES OF THE UNITED STATES HAS ARE THOSE WHICH INTEND TO EXCLUDE FROM THE BENEFITS OF THE SYSTEM THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC) MEMBERS, AS WELL AS ANY OTHER COUNTRY THAT MAY ASSOCIATE WITH ANY PRODUCERS ORGANIZATIONS IN ORDER TO PROTECT OR INCREASE EXPORT PRICES OF THEIR PRODUCTS IN THE INTERNATIONAL MARKETS.

6. IT SHOULD BE NOTED THAT THIS LIMITATION RUNS CONTRARY TO WHAT IS FORESEEN IN ARTICLE 5 OF THE LETTER OF ECONOMIC DUTIES AND RIGHTS OF COUNTRIES, RECENTLY APPROVED BY THE UNITED NATIONS, WHICH SAYS THAT ALL COUNTRIES HAVE THE RIGHT TO ASSOCIATE

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THEMSELVES WITH ORGANIZATIONS OF RAW MATERIAL PRODUCERS IN ORDER TO DEVELOP THEIR NATIONAL ECONOMIES, GET STABLE FINANCING FOR THEIR DEVELOPMENT AND, IN THE FULFILLMENT OF THEIR PURPOSES, COLLABORATE IN THE PROMOTION OF THE SUSTAINED GROWTH OF THE WORLD ECONOMY, ESPECIALLY ACCELERATING THE DEVELOPMENT OF DEVELOPING COUNTRIES. IN CONSEQUENCE, ALL COUNTRIES MUST RESPECT THIS RIGHT, ABSTAINING FROM APPLYING ECONOMIC AND POLITICAL MEASURES THAT COULD LIMIT THIS RIGHT.

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7. IF THE GOVERNMENT OF THE UNITED STATES CONSIDERS SUCH ORGANIZATIONS AS CARTELS INTENDING TO FIX PRICES IN A MONOPOLISTIC WAY, THE GROUP OF EXCLUDED COUNTRIES SHOULD BE INCREASED IN ORDER TO INCLUDE THOSE COUNTRIES WHICH BELONG TO OTHER INTERNATIONAL ORGANIZATIONS OPERATING OR IS IN PROCESS OF BEING ESTABLISHED.

8. THERE IS NO DOUBT THAT SUCH LIMITATIONS DIMINISH THE SUCCESS OF THE UNITED STATES SCHEME IN ITS ORIGINAL IDEA OF STIMULATING THE EXPORTATION FROM DEVELOPING COUNTRIES, AND CONVERT IT INTO AN INSTRUMENT THAT MAY BE USED FOR DISCRIMINATION AGAINST

THE THIRD WORLD COUNTRIES NEGATING THE EFFORTS TO OVERCOME

UNDERDEVELOPMENT BY CONCRETE ACTIONS IN THE INTERNATIONAL TRADE FIELD FOSTERED BY THE UNITED STATES GOVERNMENT ITSELF UNDER THE THEME: "TRADE IS BETTER THAN AID," ALTHOUGH IT IS EVIDENT THAT NOT IN ALL CASES CAN ONE SUBSTITUTE THE OTHER.

9. IF THESE MEASURES WERE APPLIED, THEY WOULD REFLECT A DISPOSITION FOR A CONFRONTATION AGAINST THE LEGITIMATE ASPIRATIONS OF DEVELOPING COUNTRIES FOR OBTAINING JUST TREATMENT.

10. IN THE SPECIFIC CASE OF VENEZUELA, THE TRADE RELATIONS BETWEEN THE TWO COUNTRIES ARE RULED BY THE CONDITIONS ESTABLISHED IN THE DIPLOMATIC NOTES EXCHANGED ON JUNE 26, 1972, BY WHICH THEY RECIPROCALLY GRANTED TO EACH OTHER THE "MOST-FAVORED-NATION TREATMENT."

11. AS A CONSEQUENCE, IF THE UNITED STATES GOVERNMENT WOULD CONSIDER APPLYING TO VENEZUELA SOME OF THE RESTRICTIONS WHICH IT IS EMPOWERED TO EXECUTE ACCORDING TO THE NEW TRADE ACT,
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IT WOULD PREVIOUSLY HAVE TO FORMALIZE THE DENUNCIATION OF DUTIES DERIVED FROM THE AFOREMENTIONED EXCHANGE OF NOTES.

12. CERTAINLY, THIS TYPE OF ACTION WOULD HAVE IMPLICATIONS ON THE TRADITIONALLY GOOD RELATIONS BETWEEN BOTH COUNTRIES.
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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, TEXT, PRESS COMMENTS, GOVERNMENT REACTIONS, GENERALIZED PREFERENCES (TARIFFS)
Control Number: n/a
Copy: SINGLE
Draft Date: 11 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975CARACA03883
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750128-0583
From: CARACAS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750459/aaaaccri.tel
Line Count: 160
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ShawDG
Review Comment: n/a
Review Content Flags:
Review Date: 29 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <29 SEP 2003 by SilvaL0>; APPROVED <02 JAN 2004 by ShawDG>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ICE CRITIQUE OF US TRADE ACT SUMMARY: THE INSTITUTE OF FOREIGN TRADE (ICE) IN ITS OFFICIAL
TAGS: EFIN, ETRD, VE, US, NOTAS DEL ICE
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006